

**For the Fiscal Year Ended March 31, 2017**

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**Annual Select<sup>®</sup> 2017**

**MIMAKI ENGINEERING CO., LTD.**

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**(Securities Code: 6638)**

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### **Corporate Profile**



MIMAKI ENGINEERING CO., LTD. (“the Company”) has leveraged our unique technologies to create and open up the market for industrial inkjet printers, except those for printing on paper, since we released an inkjet printer for outdoor signage in 1996. Going forward, we will continue to tap our technologies associated with the Internet of Things (IoT) and 3D printers in order to ensure sustenance for achieving further growth, in pursuing our aim of acting as a global company that generates 100 billion yen in annual revenues.

Accordingly, our business philosophy encompasses the following.

- (1) We aspire to become a “Development-oriented Enterprise” holding our own technology and supplying our own brand products throughout the world.
- (2) We aim to become a company that can adapt and quickly provide the products that will satisfy the customers.
- (3) We strive to become an innovator always providing “something new, something different” in the market.
- (4) We aim at creating a corporate culture where our individual employees can exploit their personal characters and capability to the fullest extent.

## I. Summary of Selected Financial Data (Consolidated)

|   | 38 <sup>th</sup> term<br>Fiscal year ended<br>March 31, 2013 | 39 <sup>th</sup> term<br>Fiscal year ended<br>March 31, 2014 | 40 <sup>th</sup> term<br>Fiscal year ended<br>March 31, 2015 | 41 <sup>st</sup> term<br>Fiscal year ended<br>March 31, 2016 | 42 <sup>nd</sup> term<br>Fiscal year ended<br>March 31, 2017 |
|---|--|--|--|--|--|
| Net sales<br>(Thousands of yen)   | 31,090,072   | 40,362,991   | 46,637,613   | 47,840,383   | 48,331,564   |
| Ordinary profit<br>(Thousands of yen)   | 79,675   | 1,668,581  | 3,753,072  | 2,756,986  | 1,746,023  |
| Profit attributable to owners of parent<br>(Thousands of yen)                           | 132,779  | 884,467  | 2,522,706  | 1,631,335  | 1,250,361  |
| Comprehensive income<br>(Thousands of yen)  | 435,758  | 1,429,589  | 2,680,135  | 879,398  | 1,315,764  |
| Net assets<br>(Thousands of yen)  | 6,495,069  | 7,879,322  | 15,193,221   | 15,642,535   | 16,049,220   |
| Total assets<br>(Thousands of yen)  | 29,691,916   | 32,067,725   | 43,479,615   | 46,132,881   | 49,207,554   |
| Net assets per share<br>(Yen)   | 484.07   | 292.68   | 485.38   | 501.68   | 534.26   |
| Basic earnings per share<br>(Yen)   | 9.95   | 33.02  | 92.94  | 52.06  | 41.32  |
| Diluted earnings per share<br>(Yen)   | 9.95   | 32.78  | 92.74  | –  | –  |
| Equity ratio<br>(%)   | 21.8   | 24.5   | 34.9   | 33.9   | 32.6   |
| Return on equity (ROE)<br>(%)   | 2.1  | 12.4   | 21.9   | 10.6   | 7.9  |
| Price earnings ratio (PER)<br>(Times)   | 39.9   | 18.6   | 25.6   | 12.8   | 15.6   |
| Net cash provided by (used in) operating activities<br>(Thousands of yen)               | (1,754,687)  | 1,802,249  | (2,145,605)  | 3,433,969  | 2,163,194  |
| Net cash provided by (used in) investing activities<br>(Thousands of yen)               | (839,994)  | (1,235,706)  | (2,738,553)  | (2,493,387)  | (3,248,671)  |
| Net cash provided by (used in) financing activities<br>(Thousands of yen)               | 1,054,804  | 739,068  | 6,642,424  | 3,386,495  | 32,660   |
| Cash and cash equivalents at end of period<br>(Thousands of yen)                        | 3,351,701  | 4,869,902  | 6,989,214  | 10,992,884   | 10,010,484   |
| Number of employees<br>[Separately, average number of temporary employees]<br>(Persons) | 1,065<br>[102]   | 1,202<br>[99]  | 1,378<br>[173]   | 1,449<br>[144]   | 1,580<br>[188]   |

- Notes:
1. Consumption taxes are not included in net sales.
  2. Diluted earnings per share for the 41st and 42nd terms are not presented here due to an absence of potential shares.
  3. A two-for-one share split was carried out on April 1, 2015. Net assets per share, basic earnings per share, and diluted earnings per share have been calculated on the assumption of the share split having been carried out on April 1, 2013. The calculation of the price earnings ratio for the 40th term factors the share split ratio into the share price as of March 31, 2015, given that the share was trading ex-rights on that date.

## II. Business Description

The MIMAKI Group (“the Group”) consists of the Company, 17 consolidated subsidiaries (MIMAKI USA, INC., MIMAKI EUROPE B.V., MIMAKI ENGINEERING (TAIWAN) Co., Ltd., MIMAKI PRECISION Co., Ltd., GRAPHIC CREATION Co., Ltd., MIMAKI IJ TECHNOLOGY CO., Ltd., Mimaki Deutschland GmbH, Shanghai Mimaki Trading Co., Ltd., MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA, MIMAKI PINGHU TRADING CO., LTD., PT. MIMAKI INDONESIA, MIMAKI AUSTRALIA PTY LTD, MIMAKI SINGAPORE PTE. LTD., MIMAKI INDIA PRIVATE LIMITED, MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI, Mimaki La Meccanica S.p.A, Mimaki Lithuania, UAB) and two other companies (MIMAKI KANPHOR INDIA PRIVATE LIMITED, etc.), total 20 companies. The Group’s reportable segments are categorized by geographic region given that it engages in development, manufacturing and sales of products such as industrial inkjet printers and cutting plotters primarily as a single business operation.

Also, the following describes the Group’s business operations classified by markets to which end users of our products belong.

### (1) SG (Sign Graphics) market

We develop, manufacture, and sell products for Sign Graphics market. The products for this market are models designed to produce visual communications, such as advertisements and signboards. This includes devices such as wide inkjet printers that selectively use ink according to specific applications and materials to be printed, and cutting plotters that perform contour cutting of alphanumeric characters, logos, illustrations and other shapes, all geared to the Sign Graphics market which is increasingly shifting to digital technologies as a result of a call for quicker response times, lower costs and higher resolutions.

### (2) IP (Industrial Products) market

For the Industrial Products market, we develop, manufacture, and sell industrial products, as well as products used on-site in facilities that produce merchandise, gifts, novelties, order-made goods and other products for general consumers. Our products here are designed to help users streamline production and cut costs, irrespective of industry, and include flatbed UV-curable inkjet printers that are capable of printing on a range of materials, as well as cutting plotters and other devices.

### (3) TA (Textile & Apparel) market

For the Textile & Apparel market, we develop, manufacture, and sell products that are capable of printing to textiles before the cutting and sewing process, cloth materials for ready-to-wear apparel and the like. Our products in this market include inkjet printers capable of dye sublimation printing to polyester materials and printing directly to fabrics such as those made of cotton, silk and other materials. With these products we serve users who must provide a quick response in operations that include producing samples and engaging in high-mix, low-volume production.

The Company carries out product development geared to the respective SG, IP, and TA markets described above. In addition to the Company, with respect to manufacturing, some production of our mainstay products is also carried out by MIMAKI IJ TECHNOLOGY CO., Ltd. and Mimaki La Meccanica S.p.A, and some production of inks is also carried out by MIMAKI IJ TECHNOLOGY CO., Ltd., MIMAKI ENGINEERING (TAIWAN) Co., Ltd., and Mimaki Lithuania, UAB. Some of our parts and components are procured from MIMAKI PINGHU TRADING CO., LTD., MIMAKI ENGINEERING (TAIWAN) Co., Ltd., and MIMAKI PRECISION Co., Ltd. With respect to sales, the Company carries out such operations in Japan, and in some areas of the Asia and Oceania region. In our major geographic regions overseas, sales are carried out by

MIMAKI USA, INC. (North America), MIMAKI EUROPE B.V. (Europe), Mimaki Deutschland GmbH (Germany), MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI (Turkey), Mimaki Lithuania, UAB (Lithuania), MIMAKI ENGINEERING (TAIWAN) Co., Ltd. (Taiwan), Shanghai Mimaki Trading Co., Ltd. (China), MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA (Brazil), MIMAKI INDIA PRIVATE LIMITED (India), PT. MIMAKI INDONESIA (Indonesia), MIMAKI AUSTRALIA PTY LTD (Australia), and MIMAKI SINGAPORE PTE. LTD. (Singapore).

(4) Spare parts

Spare parts include those parts and components needed for maintenance purposes when customers use our products. The Company manufactures and sells most such spare parts.

(5) Others

This area of business includes manufacture and sales of custom-made machines outside the scope of the aforementioned market categories, and also includes printing services.

Such custom-made machines are manufactured and sold by the Company, and printing services and other such business is carried out online by GRAPHIC CREATION Co., Ltd. and MIMAKI ENGINEERING (TAIWAN) Co., Ltd.

[Outline of Classification by Markets]

**[Products for SG market]**

Refers to products for the Sign Graphics market involving advertisements, signboards, etc.

**Major products**

**Inkjet Printers**

- 500 Series for SG market
- UJV500-160
- UJV55-320
- JV150 Series
- JV34-260
- JV400SUV Series
- CJV300 Series
- UJV-160
- JV300 Series
- SIJ-320UV
- JV400LX Series
- JV5 Series
- CJV150 Series

**Cutting Plotters**

- CG-FX II Series
- CG-SR III Series

**Software**

- Raster Link 6
- Raster Link Pro5 SG
- Fine Cut 8
- Simple Studio

**Ink**

- Eco-solvent inks
- Solvent UV inks
- Water-based latex inks
- Water-based sublimation inks

**[Products for IP market]**

Refers to products for the Industrial Products market, used at sites where industrial products are manufactured, etc.

**Major products**

**Flatbed Inkjet Printers**

- 500 Series for IP market
- JFX500-2131
- UJF-6042MkII
- JFX200-2531
- JFX200-2513
- UJF-3042HG
- UJF-3042MkII
- UJF-7151plus
- UJF-6042
- UJF-3042FX

**Cutting Plotters**

- CFL-605RT
- CF2 Series
- CF3 Series

**Software**

- Raster Link 6
- Raster Link Pro5 IP
- Fine Cut 8
- Ittobori

**Ink**

- Hard UV-curable inks
- Flexible UV-curable inks

**[Products for TA market]**

Refers to products for the Textile & Apparel market that are capable of printing to cloth materials

**Major products**

**Inkjet Printers**

- 500 Series for TA market
- Tx500P-3200DS
- TS500-1800
- Tx500-1800DS
- Tx300P-1800B
- Tx300P-1800
- TS34-1800A
- Tx2-1600
- TS500P-3200
- Tx500-1800B
- TS30-1300
- TS300P-1800
- TS5-1600AMF

**Cutting Plotters**

- APC-130

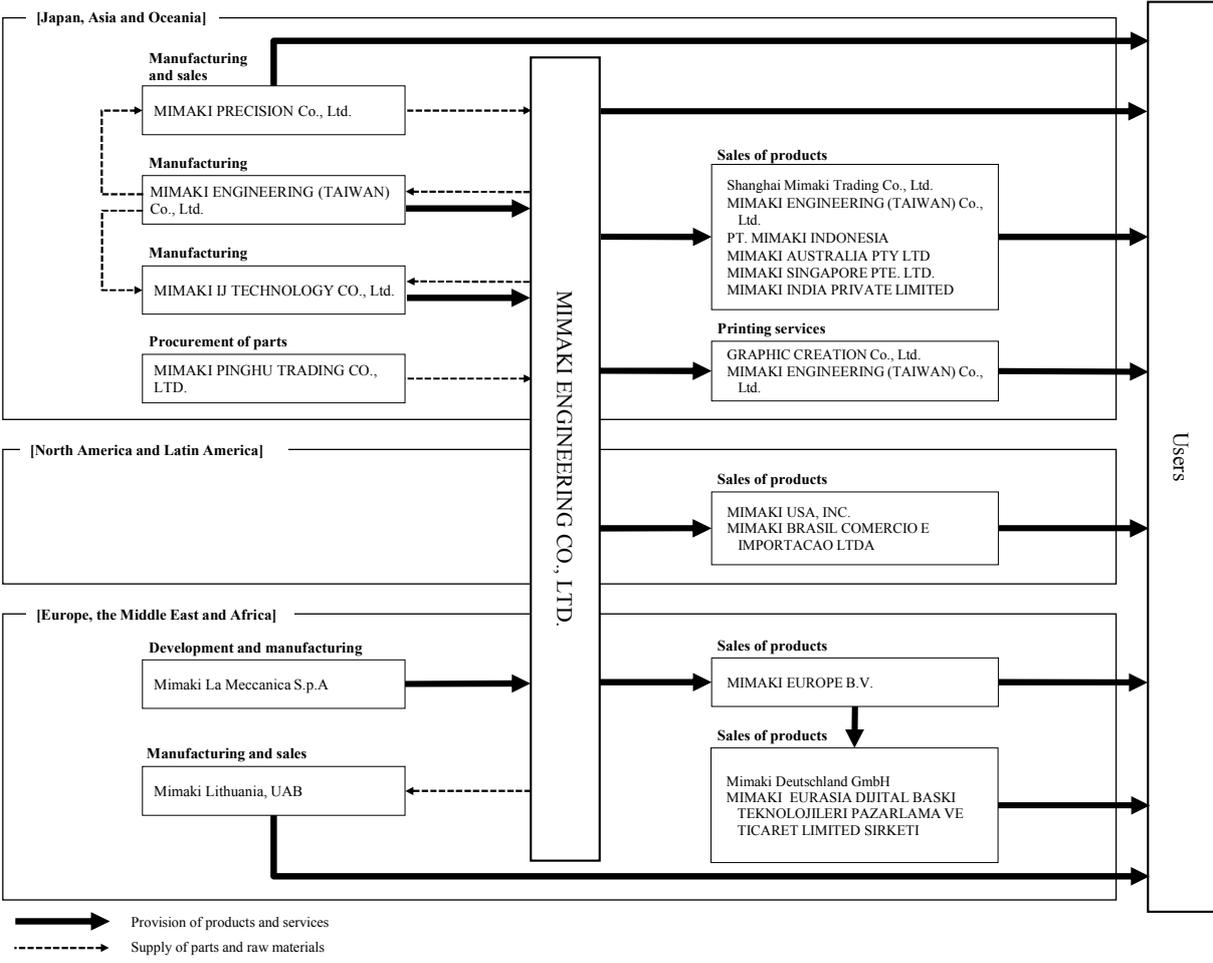
**Software**

- Raster Link 6
- Raster Link Pro5 TA
- Tx Link 3

**Ink**

- Reactive dye inks
- Acid dye inks
- Water-based sublimation inks
- Textile pigment inks

[Overview of the Group Business]



(Note) Except the Company, all companies shown are consolidated subsidiaries.

### III. Overview of Business Performance

#### (1) Business Performance

With respect to the global economy during the fiscal year under review, business conditions held steady amid a scenario of no substantial turmoil in Europe despite the Brexit referendum in June having come out in favor of the UK's withdrawal from the EU. Moreover, despite the largely unexpected presidential election victory of Donald Trump, the U.S. economy staged moderate expansion against a backdrop of labor market recovery. Nevertheless, a lack of signs that would suggest subsiding geopolitical risk in East Asia, the Middle East and Europe has given rise to cause for concern. The Japanese economy has continued to recover moderately despite weakness in consumer spending apparent over the latter half of the fiscal year.

Amid these circumstances, the Group has been focusing its efforts on cultivating the Industrial Products (IP) and Textile & Apparel (TA) markets, both of which are expected to achieve substantial growth as they increasingly shift to use of digital technologies going forward. In our efforts geared to the IP market, as announced in our news release titled, "Mimaki introduces Flatbed UV-LED inkjet printers 'UJF-3042MkII' and 'UJF-6042MkII'," on August 31, 2016, we have launched the new models of printers for the small-sized flatbed UV inkjet printer market, which we have been developing. The models deliver superior productivity, print quality, and adaptability for various application needs. In our efforts geared to the TA market, we have acquired Italian development and manufacturing firm Mimaki La Meccanica S.p.A, as announced in our news release titled, "Announcement on the Stock Acquisition of Italy's La Meccanica (Subsidiary Acquisition) by a Subsidiary Company of Mimaki and the Change in that Company's Corporate Name," on October 19, 2016. With this acquisition, Mimaki La Meccanica's high-speed models have been added to our product lineup, thereby enabling us to cover the entire TA market from points of consumption to points of production.

As a result, consolidated net sales for the fiscal year ended March 31, 2017 totaled 48,331 million yen, up 1.0% year on year, operating profit was 2,049 million yen, down 35.8%, ordinary profit was 1,746 million yen, down 36.7%, and profit attributable to owners of parent was 1,250 million yen, down 23.4%.

With respect to exchange rates of major currencies during the fiscal year under review, the Japanese yen was 108.41 per U.S. dollar and 118.83 per euro (in comparison with 120.14 yen and 132.57 yen, respectively, in the previous fiscal year).

Performance by business segment is shown below.

#### (Japan, Asia and Oceania)

Net sales in the Japan, Asian and Oceania region amounted to 21,887 million yen, down 0.0% year on year. They slightly decreased overall, amid a situation where net sales in China decreased year on year, yet that decrease was covered by net sales in other areas, including those in Japan.

#### (North America and Latin America)

Net sales in the North America and Latin America region amounted to 10,668 million yen, up 0.2% year on year. They remained largely unchanged year on year on a yen basis, but increased significantly year on year calculated on a local currency basis (U.S. dollars, etc.).

(Europe, the Middle East and Africa)

Net sales in the Europe, the Middle East and Africa region amounted to 15,775 million yen, up 3.1% year on year. They were slightly higher year on year on a yen basis, but increased significantly year on year calculated on a local currency basis (the euro).

Net sales by market for the fiscal year ended March 31, 2017 are as follows.

|             | Net sales<br>(millions of yen) | Percentage of<br>net sales (%) | Year on year (%) |
|-------------|--------------------------------|--------------------------------|------------------|
| SG market   | 20,855                         | 43.2                           | 91.6             |
| IP market   | 16,292                         | 33.7                           | 111.0            |
| TA market   | 5,620                          | 11.6                           | 105.2            |
| Spare parts | 3,639                          | 7.5                            | 107.2            |
| Others      | 1,924                          | 4.0                            | 116.4            |
| Total       | 48,331                         | 100.0                          | 101.0            |

(SG market)

With our mainstay entry model products, net sales converted to yen decreased substantially due to intensifying competition and the appreciating yen. On the other hand, unit sales of the new LED-UV-curable inkjet printer products launched in April 2016 have been increasing, particularly in developed nations. This resulted in net sales of 20,855 million yen, down 8.4% year on year.

(IP market)

Meanwhile, we have achieved growth with respect to our large flatbed models, which are now mainstay products, leading to increasing unit sales. In addition, we have achieved increases in unit sales of our high precision printers which were launched in November 2015 and our new small-sized flatbed printers which went on sale in October 2016, as a result of those products having been well received. This resulted in net sales of 16,292 million yen, up 11.0% year on year.

(TA market)

Entry models that we launched in July 2015 have grown into mainstay products. In addition, our new large-model dye sublimation printer launched in February 2016 also contributed to higher sales. This resulted in net sales of 5,620 million yen, up 5.2% year on year.

## (2) Cash Flow

Cash and cash equivalents (hereinafter “cash”) as of March 31, 2017 totaled 10,010 million yen, a decrease of 982 million yen compared with March 31, 2016, owing to repayments of long-term loans payable, purchase of property, plant and equipment, etc., partially offset by proceeds from long-term loans payable, profit before income taxes, etc.

The cash flows for the fiscal year ended March 31, 2017 and factors contributing to those amounts are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities totaled 2,163 million yen (down 1,270 million yen year on year). This is primarily due to profit before income taxes of 1,808 million yen and depreciation of 1,545 million yen, despite an outflow of increase in notes and accounts receivable - trade totaling 763 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 3,248 million yen (up 755 million yen year on year). This is mainly attributable to purchase of property, plant and equipment totaling 1,484 million yen and payments for transfer of business totaling 651 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities totaled 32 million yen (down 3,353 million yen year on year). This is mainly due to proceeds from long-term loans payable totaling 3,700 million yen, partially offset by repayments of long-term loans payable totaling 2,885 million yen and purchase of treasury shares totaling 602 million yen.

## IV. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Thousands of yen)

|  | As of March 31, 2016 | As of March 31, 2017 |
|--|----------------------|----------------------|
| <b>Assets</b>                          |                      |                      |
| Current assets                         |                      |                      |
| Cash and deposits                      | 11,034,884           | 10,054,884           |
| Notes and accounts receivable - trade  | 7,888,065            | 8,493,326            |
| Merchandise and finished goods         | 10,895,330           | 10,498,680           |
| Work in process                        | 266,208              | 548,187              |
| Raw materials and supplies             | 3,306,227            | 3,876,383            |
| Deferred tax assets                    | 833,948              | 887,346              |
| Other                                  | 1,578,485            | 2,066,389            |
| Allowance for doubtful accounts        | (122,553)            | (234,917)            |
| Total current assets                   | 35,680,596           | 36,190,281           |
| Non-current assets                     |                      |                      |
| Property, plant and equipment          |                      |                      |
| Buildings and structures               | 7,346,076            | 7,443,364            |
| Accumulated depreciation               | (3,363,219)          | (3,656,447)          |
| Buildings and structures, net          | 3,982,856            | 3,786,916            |
| Machinery, equipment and vehicles      | 698,349              | 1,066,537            |
| Accumulated depreciation               | (450,670)            | (648,040)            |
| Machinery, equipment and vehicles, net | 247,678              | 418,496              |
| Tools, furniture and fixtures          | 6,397,370            | 6,977,698            |
| Accumulated depreciation               | (4,868,310)          | (5,376,113)          |
| Tools, furniture and fixtures, net     | 1,529,059            | 1,601,585            |
| Land                                   | 2,876,214            | 2,799,264            |
| Leased assets                          | 1,258,114            | 1,211,441            |
| Accumulated depreciation               | (976,923)            | (990,862)            |
| Leased assets, net                     | 281,191              | 220,578              |
| Construction in progress               | 55,570               | 515,446              |
| Total property, plant and equipment    | 8,972,570            | 9,342,289            |
| Intangible assets                      |                      |                      |
| Goodwill                               | –                    | 1,470,247            |
| Other                                  | 392,891              | 630,761              |
| Total intangible assets                | 392,891              | 2,101,008            |
| Investments and other assets           |                      |                      |
| Investment securities                  | 110,276              | 168,895              |
| Deferred tax assets                    | 246,337              | 231,338              |
| Other                                  | 851,906              | 1,332,732            |
| Allowance for doubtful accounts        | (121,697)            | (158,991)            |
| Total investments and other assets     | 1,086,822            | 1,573,975            |
| Total non-current assets               | 10,452,284           | 13,017,272           |
| Total assets                           | 46,132,881           | 49,207,554           |

(Thousands of yen)

|   | As of March 31, 2016 | As of March 31, 2017 |
|---|----------------------|----------------------|
| <b>Liabilities</b>                                    |                      |                      |
| Current liabilities                                   |                      |                      |
| Notes and accounts payable - trade                    | 6,867,713            | 3,622,288            |
| Electronically recorded obligations - operating       | –                    | 3,747,459            |
| Short-term loans payable                              | 6,469,851            | 6,917,376            |
| Current portion of long-term loans payable            | 2,757,416            | 2,882,684            |
| Lease obligations                                     | 100,131              | 81,262               |
| Accounts payable - other                              | 1,162,253            | 1,357,073            |
| Income taxes payable                                  | 106,116              | 299,105              |
| Provision for bonuses                                 | 700,491              | 670,203              |
| Provision for directors' bonuses                      | 43,678               | 32,703               |
| Provision for product warranties                      | 414,740              | 470,168              |
| Other   | 2,504,262            | 2,832,294            |
| Total current liabilities                             | 21,126,656           | 22,912,620           |
| Non-current liabilities                               |                      |                      |
| Long-term loans payable                               | 8,721,797            | 9,492,384            |
| Lease obligations                                     | 136,177              | 150,802              |
| Deferred tax liabilities                              | 6,628                | 13,835               |
| Net defined benefit liability                         | 311,532              | 450,455              |
| Asset retirement obligations                          | 52,685               | 52,870               |
| Other   | 134,868              | 85,364               |
| Total non-current liabilities                         | 9,363,689            | 10,245,712           |
| Total liabilities                                     | 30,490,345           | 33,158,333           |
| <b>Net assets</b>                                     |                      |                      |
| Shareholders' equity                                  |                      |                      |
| Capital stock   | 4,357,456            | 4,357,456            |
| Capital surplus                                       | 4,269,686            | 4,269,686            |
| Retained earnings                                     | 7,803,163            | 8,746,923            |
| Treasury shares                                       | (201,831)            | (804,308)            |
| Total shareholders' equity                            | 16,228,475           | 16,569,757           |
| Accumulated other comprehensive income                |                      |                      |
| Valuation difference on available-for-sale securities | (981)                | 5,603                |
| Foreign currency translation adjustment               | (605,640)            | (551,924)            |
| Remeasurements of defined benefit plans               | 20,683               | 25,783               |
| Total accumulated other comprehensive income          | (585,939)            | (520,536)            |
| Total net assets                                      | 15,642,535           | 16,049,220           |
| <b>Total liabilities and net assets</b>               | <b>46,132,881</b>    | <b>49,207,554</b>    |

**(2) Consolidated Statements of Income and  
Consolidated Statements of Comprehensive Income**

**(Consolidated Statements of Income)**

(Thousands of yen)

|   | Fiscal year ended<br>March 31, 2016 | Fiscal year ended<br>March 31, 2017 |
|---|-------------------------------------|-------------------------------------|
| Net sales   | 47,840,383                          | 48,331,564                          |
| Cost of sales   | 25,234,731                          | 26,789,640                          |
| Gross profit  | 22,605,651                          | 21,541,924                          |
| Selling, general and administrative expenses                | 19,411,081                          | 19,492,442                          |
| Operating profit  | 3,194,570                           | 2,049,481                           |
| Non-operating income  |                                     |                                     |
| Interest income   | 42,442                              | 57,244                              |
| Dividend income   | 804                                 | 750                                 |
| Insurance income  | 13,090                              | 20,424                              |
| Insurance return  | 22,002                              | 14,862                              |
| Subsidy income  | 8,105                               | 19,110                              |
| Other   | 39,690                              | 33,438                              |
| Total non-operating income                                  | 126,135                             | 145,830                             |
| Non-operating expenses                                      |                                     |                                     |
| Interest expenses   | 118,697                             | 155,949                             |
| Sales discounts   | 108,465                             | 111,529                             |
| Foreign exchange losses                                     | 200,290                             | 133,718                             |
| Share of loss of entities accounted for using equity method | 98,141                              | 21,708                              |
| Other   | 38,123                              | 26,381                              |
| Total non-operating expenses                                | 563,718                             | 449,288                             |
| Ordinary profit   | 2,756,986                           | 1,746,023                           |
| Extraordinary income  |                                     |                                     |
| Gain on sales of non-current assets                         | 16,476                              | 64,780                              |
| Gain on reversal of subscription rights to shares           | 212                                 | -                                   |
| Total extraordinary income                                  | 16,689                              | 64,780                              |
| Extraordinary losses  |                                     |                                     |
| Loss on sales of non-current assets                         | 2,729                               | 2,453                               |
| Total extraordinary losses                                  | 2,729                               | 2,453                               |
| Profit before income taxes                                  | 2,770,946                           | 1,808,350                           |
| Income taxes - current                                      | 559,208                             | 620,631                             |
| Income taxes - deferred                                     | 580,403                             | (62,642)                            |
| Total income taxes  | 1,139,611                           | 557,988                             |
| Profit  | 1,631,335                           | 1,250,361                           |
| Profit attributable to owners of parent                     | 1,631,335                           | 1,250,361                           |

## (Consolidated Statements of Comprehensive Income)

(Thousands of yen)

|  | Fiscal year ended<br>March 31, 2016 | Fiscal year ended<br>March 31, 2017 |
|--|-------------------------------------|-------------------------------------|
| Profit   | 1,631,335                           | 1,250,361                           |
| Other comprehensive income   |                                     |                                     |
| Valuation difference on available-for-sale securities                                | (13,647)                            | 6,585                               |
| Foreign currency translation adjustment  | (762,206)                           | 59,880                              |
| Remeasurements of defined benefit plans, net of tax                                  | (30,456)                            | 5,100                               |
| Share of other comprehensive income of entities<br>accounted for using equity method | 54,373                              | (6,163)                             |
| Total other comprehensive income   | (751,936)                           | 65,402                              |
| Comprehensive income   | 879,398                             | 1,315,764                           |
| Comprehensive income attributable to   |                                     |                                     |
| Comprehensive income attributable to owners of<br>parent                             | 879,398                             | 1,315,764                           |

### (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2016

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period               | 4,357,456            | 4,266,585       | 6,524,218         | (124,759)       | 15,023,500                 |
| Changes of items during period                       |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (352,389)         |                 | (352,389)                  |
| Profit attributable to owners of parent              |                      |                 | 1,631,335         |                 | 1,631,335                  |
| Purchase of treasury shares                          |                      |                 |                   | (88,107)        | (88,107)                   |
| Exercise of subscription rights to shares            |                      | 3,100           |                   | 11,036          | 14,137                     |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 | -                          |
| Total changes of items during period                 | -                    | 3,100           | 1,278,945         | (77,071)        | 1,204,974                  |
| Balance at end of current period                     | 4,357,456            | 4,269,686       | 7,803,163         | (201,831)       | 16,228,475                 |

|  | Accumulated other comprehensive income                |   |   |  | Subscription rights to shares | Total net assets |
|--|---|---|---|--|-------------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                               |                  |
| Balance at beginning of current period               | 12,665  | 102,192                                 | 51,139                                  | 165,997                                      | 3,724                         | 15,193,221       |
| Changes of items during period                       |   |   |   |  |                               |                  |
| Dividends of surplus                                 |   |   |   |  |                               | (352,389)        |
| Profit attributable to owners of parent              |   |   |   |  |                               | 1,631,335        |
| Purchase of treasury shares                          |   |   |   |  |                               | (88,107)         |
| Exercise of subscription rights to shares            |   |   |   |  |                               | 14,137           |
| Net changes of items other than shareholders' equity | (13,647)  | (707,833)                               | (30,456)                                | (751,936)                                    | (3,724)                       | (755,660)        |
| Total changes of items during period                 | (13,647)  | (707,833)                               | (30,456)                                | (751,936)                                    | (3,724)                       | 449,314          |
| Balance at end of current period                     | (981)   | (605,640)                               | 20,683                                  | (585,939)                                    | -                             | 15,642,535       |

Fiscal year ended March 31, 2017

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period               | 4,357,456            | 4,269,686       | 7,803,163         | (201,831)       | 16,228,475                 |
| Changes of items during period                       |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (306,602)         |                 | (306,602)                  |
| Profit attributable to owners of parent              |                      |                 | 1,250,361         |                 | 1,250,361                  |
| Purchase of treasury shares                          |                      |                 |                   | (602,477)       | (602,477)                  |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 | -                          |
| Total changes of items during period                 | -                    | -               | 943,759           | (602,477)       | 341,282                    |
| Balance at end of current period                     | 4,357,456            | 4,269,686       | 8,746,923         | (804,308)       | 16,569,757                 |

|  | Accumulated other comprehensive income                |   |   |  | Total net assets |
|--|---|---|---|--|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                  |
| Balance at beginning of current period               | (981)   | (605,640)                               | 20,683                                  | (585,939)                                    | 15,642,535       |
| Changes of items during period                       |   |   |   |  |                  |
| Dividends of surplus                                 |   |   |   |  | (306,602)        |
| Profit attributable to owners of parent              |   |   |   |  | 1,250,361        |
| Purchase of treasury shares                          |   |   |   |  | (602,477)        |
| Net changes of items other than shareholders' equity | 6,585   | 53,716                                  | 5,100                                   | 65,402                                       | 65,402           |
| Total changes of items during period                 | 6,585   | 53,716                                  | 5,100                                   | 65,402                                       | 406,685          |
| Balance at end of current period                     | 5,603   | (551,924)                               | 25,783                                  | (520,536)                                    | 16,049,220       |

#### (4) Consolidated Statements of Cash Flows

(Thousands of yen)

|  | Fiscal year ended<br>March 31, 2016 | Fiscal year ended<br>March 31, 2017 |
|--|-------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>                                      |                                     |                                     |
| Profit before income taxes   | 2,770,946                           | 1,808,350                           |
| Depreciation   | 1,540,070                           | 1,545,428                           |
| Amortization of goodwill   | –                                   | 26,464                              |
| Increase (decrease) in allowance for doubtful accounts                           | (35,882)                            | 108,983                             |
| Increase (decrease) in provision for bonuses                                     | (41,664)                            | (31,401)                            |
| Increase (decrease) in provision for directors' bonuses                          | (11,681)                            | (10,975)                            |
| Increase (decrease) in provision for product warranties                          | (30,323)                            | 48,710                              |
| Increase (decrease) in net defined benefit liability                             | 11,012                              | 5,131                               |
| Interest and dividend income   | (43,246)                            | (57,994)                            |
| Insurance income   | (13,090)                            | (20,424)                            |
| Interest expenses  | 118,697                             | 155,949                             |
| Share of (profit) loss of entities accounted for using equity method             | 98,141                              | 21,708                              |
| Gain on reversal of subscription rights to shares                                | (212)                               | –                                   |
| Foreign exchange losses (gains)  | 299,862                             | 100,897                             |
| Loss (gain) on sales of non-current assets                                       | (13,747)                            | (62,326)                            |
| Decrease (increase) in notes and accounts receivable - trade                     | 11,298                              | (763,591)                           |
| Decrease (increase) in inventories   | 918,947                             | (656,839)                           |
| Increase (decrease) in notes and accounts payable - trade                        | (627,874)                           | 316,700                             |
| Decrease (increase) in consumption taxes refund receivable                       | 152,932                             | (79,113)                            |
| Increase (decrease) in accounts payable - other                                  | (57,247)                            | 106,512                             |
| Other, net   | (191,092)                           | (101,328)                           |
| Subtotal   | 4,855,847                           | 2,460,842                           |
| Interest and dividend income received  | 41,396                              | 56,934                              |
| Proceeds from insurance income   | 13,090                              | 20,424                              |
| Interest expenses paid   | (118,043)                           | (149,801)                           |
| Income taxes paid  | (1,374,126)                         | (419,068)                           |
| Income taxes refund  | 15,804                              | 193,861                             |
| Net cash provided by (used in) operating activities                              | 3,433,969                           | 2,163,194                           |
| <b>Cash flows from investing activities</b>                                      |                                     |                                     |
| Net decrease (increase) in time deposits   | 2,100                               | 16,366                              |
| Purchase of property, plant and equipment  | (2,339,066)                         | (1,484,567)                         |
| Proceeds from sales of property, plant and equipment                             | 95,195                              | 222,456                             |
| Purchase of intangible assets  | (251,106)                           | (265,451)                           |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | –                                   | (471,878)                           |
| Payments for transfer of business  | –                                   | (651,539)                           |
| Payments of short-term loans receivable  | –                                   | (243,601)                           |
| Other, net   | (509)                               | (370,455)                           |
| Net cash provided by (used in) investing activities                              | (2,493,387)                         | (3,248,671)                         |

(Thousands of yen)

|   | Fiscal year ended<br>March 31, 2016 | Fiscal year ended<br>March 31, 2017 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from financing activities                        |                                     |                                     |
| Net increase (decrease) in short-term loans payable         | 511,820                             | 239,826                             |
| Proceeds from long-term loans payable                       | 6,050,000                           | 3,700,000                           |
| Repayments of long-term loans payable                       | (2,632,527)                         | (2,885,330)                         |
| Proceeds from exercise of share options                     | 10,626                              | —                                   |
| Purchase of treasury shares                                 | (88,107)                            | (602,477)                           |
| Repayments of lease obligations                             | (113,924)                           | (113,120)                           |
| Cash dividends paid   | (351,390)                           | (306,237)                           |
| Net cash provided by (used in) financing activities         | 3,386,495                           | 32,660                              |
| Effect of exchange rate change on cash and cash equivalents | (323,407)                           | 70,417                              |
| Net increase (decrease) in cash and cash equivalents        | 4,003,669                           | (982,399)                           |
| Cash and cash equivalents at beginning of period            | 6,989,214                           | 10,992,884                          |
| Cash and cash equivalents at end of period                  | 10,992,884                          | 10,010,484                          |

## V. Corporate Data (as of March 31, 2017)

### Basic Information

|                            |  |
|----------------------------|--|
| Trade name:                | MIMAKI ENGINEERING CO., LTD.   |
| Established:               | August 1975  |
| Listed market:             | The First Section of Tokyo Stock Exchange<br>(Securities Code: 6638)   |
| Listed:                    | March 2015   |
| Business year:             | From April 1 to March 31   |
| Capital stock:             | 4,357 million yen  |
| Number of employees:       | 1,580 persons (Consolidated)   |
| Head office:               | 2182-3 Shigeno-Otsu, Tomi-shi, Nagano  |
| Telephone:                 | +81-268-64-2281  |
| Consolidated subsidiaries: | MIMAKI USA, INC.<br>MIMAKI EUROPE B.V.<br>Mimaki Deutschland GmbH<br>MIMAKI ENGINEERING (TAIWAN) Co., Ltd.<br>MIMAKI IJ TECHNOLOGY CO., Ltd.<br>MIMAKI PINGHU TRADING CO., LTD.<br>Shanghai Mimaki Trading Co., Ltd.<br>MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA<br>PT. MIMAKI INDONESIA<br>MIMAKI AUSTRALIA PTY LTD<br>MIMAKI SINGAPORE PTE. LTD.<br>MIMAKI INDIA PRIVATE LIMITED<br>MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI<br>PAZARLAMA VE TICARET LIMITED SIRKETI<br>Mimaki La Meccanica S.p.A<br>Mimaki Lithuania, UAB<br>MIMAKI PRECISION Co., Ltd.<br>GRAPHIC CREATION Co., Ltd. |

### Directors and Corporate Auditors (as of June 27, 2017)

|                          |                   |
|--------------------------|-------------------|
| Executive Chairman       | Akira Ikeda       |
| President                | Kazuaki Ikeda     |
| Executive Vice President | Sakae Sagane      |
| Executive Director       | Kazuyuki Takeuchi |
| Director                 | Hiroshi Miyake    |
| Director                 | Yasuhiro Haba     |
| Director                 | Koji Shimizu      |
| Counselor for Director   | Noriyuki Tanaka   |
| Director*                | Makoto Tanaka     |
| Director*                | Hisamitsu Arai    |
| Auditor (Full-Time)**    | Yoh Zenno         |
| Auditor**                | Tomokazu Iwashita |
| Auditor**                | Yukio Tsuchiya    |

\* Outside Director    \*\* Outside Auditor

## Stock Status

|                                    |                    |
|------------------------------------|--------------------|
| Total number of shares authorized: | 128,160,000 shares |
| Total number of shares issued:     | 32,040,000 shares  |
| Number of shareholders:            | 5,369              |

### Major shareholders (Top 10)

| Shareholder name   | Number of shares held | Share-holding ratio (%) |
|--|-----------------------|-------------------------|
| Ikeda Holdings, Inc.   | 4,427,200             | 13.82                   |
| Tanaka Kikaku Ltd.   | 2,400,000             | 7.49                    |
| Noriyuki Tanaka  | 2,024,000             | 6.32                    |
| MIMAKI ENGINEERING Employee Stock Ownership  | 1,585,200             | 4.95                    |
| Tokyo Small and Medium Business Investment & Consultation Co., Ltd.                | 1,524,000             | 4.75                    |
| Japan Trustee Services Bank, Ltd.  | 1,221,600             | 3.81                    |
| THE HACHIJUNI BANK, LTD.<br>(Standing proxy: The Master Trust Bank of Japan, Ltd.) | 840,000               | 2.62                    |
| Akira Ikeda  | 833,200               | 2.60                    |
| EPSON AVASYS CORPORATION   | 720,000               | 2.25                    |
| The Master Trust Bank of Japan, Ltd.   | 634,400               | 1.98                    |

Notes: 1. Of the above-mentioned shares held, the numbers of shares related to trust business are as follows:

|                                      |                  |
|--------------------------------------|------------------|
| Japan Trustee Services Bank, Ltd.    | 1,221,600 shares |
| The Master Trust Bank of Japan, Ltd. | 634,400 shares   |

2. In addition to shares described above, the Company holds 1,999,790 shares as treasury shares.

\* Annual Select is an English-language disclosure format developed by ZAIHON, INC. to increase the level of convenience of investors outside Japan based on Japanese-language statutory disclosure material, timely disclosure material prescribed by securities exchanges and voluntarily disclosed IR material. Annual Select is a registered trademark of ZAIHON, INC. Reproduction or copying without prior permission is prohibited.

\* While every best effort has been made to provide a translation meeting the quality standards required of professionals, the Company does not guarantee it is 100% accurate. Therefore, please verify the original Japanese text for any final judgments made based on this information.